

## Message Text

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ACTION EUR-12

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AMEMBASSY COPENHAGEN  
AMEMBASSY HELSINKI  
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E.O. 11652: N/A  
TAGS: ELAB, SW  
SUBJECT: NATIONAL CONTRACT NEGOTIATIONS: NOTICE OF STRIKE

REF: STOCKHOLM 1683

BEGIN UNCLASSIFIED

1. SUMMARY: BOTH UNIONS AND EMPLOYERS HAVE REJECTED THE LATEST MEDIATION PROPOSAL AND THE UNIONS HAVE ISSUED A STRIKE NOTICE TO TAKE EFFECT ON MAY 13. THE STRIKE WILL BE OF LIMITED NATURE AIMED AT HALTING ALL DOMESTIC FLIGHTS AND SHUTTING DOWN PRIVATELY-OWNED FOOD AND DEPARTMENT STORES. SHOULD THE EMPLOYERS RETALIATE WITH LOCKOUTS, THE SITUATION COULD EASILY ESCALATE INTO A GENERAL STRIKE. BUT THERE IS STILL A CHANCE OF A MEDIATED SETTLEMENT. END SUMMARY.

2. CONTRARY TO MOST EXPECTATIONS, THE STALEMATED NATIONAL CONTRACT NEGOTIATIONS ARE EDGING ALMOST INEXORABLY TOWARDS OPEN CONFLICT. THE BAN ON OVERTIME, RECRUITING AND AFTER-HOURS BUSINESS TRAVEL DECLARED BY LO AND ITS WHITE-COLLAR NEGOTIATING

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PARTNER, PTK, WENT INTO EFFECT AS SCHEDULED ON APRIL 30. IN A FURTHER TURN OF THE SCREW, THE UNIONS HAVE NOW ISSUED NOTICE OF A LIMITED STRIKE AIMED AT BRINGING DOMESTIC FLIGHTS TO A HALT AND CLOSING DOWN MAJOR PRIVATELY-OWNED GROCERY CHAINS AND LARGE DEPARTMENT STORES. THE STRIKE IS SCHEDULED TO BEGIN APPROPRIATELY ENOUGH ON FRIDAY, MAY 13 AND WILL INVOLVE AN ESTIMATED 10,000 WORKERS

AND SALARIED EMPLOYEES. FOOD AND DEPARTMENT STORES BELONGING TO THE HUGE CONSUMER COOPERATIVE WILL NOT BE EFFECTED SINCE THE LATTER IS NOT A MEMBER OF SAF, THE EMPLOYER ASSOCIATION.

3. THE UNIONS' LATEST MOVE FOLLOWED THEIR REJECTION ON MAY 4 OF THE THIRD SETTLEMENT PROPOSAL MADE BY A MEDIATING COMMISSION. UNDER THE PROPOSAL, BLUE-COLLAR WORKERS WOULD HAVE RECEIVED ROUGHLY 7 PERCENT IN WAGE INCREASES FOR 1977 AND THEIR SALARIED COUNTERPARTS ABOUT 1 PERCENT LESS. ACCORDING TO REPORTS, THE PROPOSAL WAS TURNED DOWN LARGELY BECAUSE THE OVERALL PAY OFFER WAS REGARDED AS TOO LOW BUT ALSO FOR OTHER SIGNIFICANT REASONS INCLUDING PRODUCTIVITY-RAISING MEASURES, FAILURE TO RECOMMEND A WAGE-REOPENING CLAUSE TO MEET AN UNEXPECTEDLY HIGH INFLATION RATE, AND A SUBSTANTIAL CUT IN THE CATCH-UP GUARANTEE FOR WHITE-COLLAR WORKERS TO COMPENSATE FOR INDUSTRIAL WORKER WAGE-DRIFT.

4. SAF ALSO REFUSED TO ACCEPT THE MEDIATION PROPOSAL. IT IS STILL UNCLEAR WHAT THE EMPLOYER RESPONSE WILL BE TO THE STRIKE BUT A MEETING IS SCHEDULED FOR MAY 6 TO CONSIDER COUNTER-MEASURES. THERE IS SPECULATION THAT SAF MAY RETALIATE BY DECLARING A LOCKOUT AT SELECTED COMPANIES WHICH HAVE EXCEPTIONALLY LARGE INVENTORIES AND WOULD THEREFORE SUFFER LITTLE IF AT ALL FROM A STOPPAGE OF PRODUCTION. AS A MINIMUM, SAF MANAGING DIRECTOR GIESECKE HAS WARNED THAT THE RIGHT TO BACK-DATED WAGE INCREASES WOULD BE FORFEITED AND THAT WORKERS LAID OFF AS A CONSEQUENCE OF THE OVERTIME BAN WOULD NOT BE PAID.

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5. THE MEDIATORS HAVE SAID THAT THEY WILL CONTINUE THEIR EFFORTS TO PRODUCE A SETTLEMENT. GOVERNMENT REACTION TO THE RAPIDLY DEVELOPING CRISIS HAS BEEN NOTICEABLY CAUTIOUS SO FAR. PRIME MINISTER FALLDIN EXPRESSED DEEP CONCERN BUT SAID THAT ONLY EXTRAORDINARY CIRCUMSTANCES WOULD PERSUADE THE GOVERNMENT TO STEP IN.  
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6. COMMENT: IT SEEMS HARD TO BELIEVE THAT SWEDEN'S ALMOST UNBLEMISHED RECORD OF INDUSTRIAL PEACE GOING BACK MORE THAN FOUR DECADES IS ABOUT TO GO DOWN THE DRAIN. EVEN HARDER TO BELIEVE IS THAT THIS LOOMING CONFLICT HAS BEEN SPARKED BY DIFFERENCES WHICH, ON THE SURFACE, SEEM SMALL, INDEED. WITH REGARD TO BASIC PAY INCREASES, THE LATEST MEDIATION PROPOSAL APPEARS TO BE ABOUT 1 PERCENT BELOW UNION DEMANDS. UNION LEADERS HAVE BEEN TALKING SOFTLY AND SEEM GENUINELY DESIROUS OF AVOIDING A FULLBLOWN

CONFLICT. MANY OBSERVERS BELIEVE THAT IT IS MATTERS OF PRINCIPLE THAT ARE KEEPING THE TWO SIDES APART AND THAT IT IS THE EMPLOYERS WHO HAVE THROWN DOWN THE GAUNTLET BY THEIR INSISTENCE ON SPECIAL PRODUCTIVITY MEASURES AND AN EFFORT TO BREAK AWAY FROM TRADITIONAL UNION WAGE POLICIES.

7. PERHAPS THE MOST STRIKING ASPECT OF THE CURRENT NEGOTIATIONS HAS BEEN THE EXTRAORDINARY TOUGHNESS OF AN EMPLOYER GROUP HERETOFORE NOTED FOR ITS WILLINGNESS TO ADAPT AND COMPROMISE. SUSPICIONS HAVE BEEN VOICED PRIVATELY THAT A HWAKISH ELEMENT WITHIN SAF LED BY CHAIRMAN CURT NICOLIN IS DELIBERATELY SEEKING A CONFRONTATION IN THE CONFIDENT BELIEF THAT THE UNIONS WOULD BE DEFEATED AND THEIR POWER REDUCED FOR YEARS TO COME. ACCORDING TO THIS ARGUMENT, THE PRESENCE OF A NON-SOCIALIST GOVERNMENT AND PUBLIC CONCERN OVER THE CURRENT RECESSION - WIDELY LIMITED OFFICIAL USE

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BLAMED UPON HIGH LABOR COSTS - MAKE THIS AN IDEAL MOMENT FOR AN ATTEMPT TO CUT THE UNIONS DOWN TO SIZE. CERTAINLY, A GENERAL STRIKE IDLING ABOUT 1.3 MILLION WORKERS WOULD EXHAUST UNION STRIKE FUNDS WITHIN A WEEK OR SO.

8. HOWEVER, ANOTHER WEEK REMAINS BEFORE THE BRINK IS REACHED - STILL PLENTY OF TIME FOR THE MEDIATORS TO PULL A RABBIT OUT OF THE HAT.  
PERRY

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